

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: SB 2020

SPONSOR: Senator Peaden

SUBJECT: Health Flex Plans

DATE: March 20, 2003

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Knudson</u>	<u>Deffenbaugh</u>	<u>BI</u>	<u>Favorable</u>
2.	_____	_____	<u>HC</u>	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

The bill changes the definition of “health flex plan” in s. 408.909, F.S., by permitting health flex plans to be purchased via a small business purchasing arrangement sponsored by a local government. The bill allows limiting the term of coverage under a health flex plan. The bill requires that applicants for health flex coverage must be without insurance for the previous 12 months. The bill extends the health flex pilot program an additional 4 years, from the current termination date of July 1, 2004, to July 1, 2008.

The Health Flex Plan pilot program was created by the Florida Legislature during the 2002 session. The pilot program permits entities to develop alternative health care coverage plans, referred to as health flex plans, for uninsured persons who have a family income equal to or less than 200 percent of the federal poverty level. The Agency for Health Care Administration (AHCA) reports that to date, only one health flex plan has been approved, in Dade County. The agency has only received on additional application from Dade County. No other applications have been received by the agency, and no health flex programs have been created other than the one currently in existence in Dade County.

This bill substantially amends section 408.909 of the Florida Statutes.

II. Present Situation:

Health Flex Plan Pilot Program

The Health Flex Plan pilot program was created by the Florida Legislature during the 2002 session. The pilot program permits entities to develop alternative health care coverage plans, referred to as health flex plans, for uninsured persons who have a family income equal to or less

than 200 percent of the federal poverty level. The goal of the program is to improve the affordability and availability of health care coverage for low-income Floridians who are unable to obtain health coverage, by encouraging the development of alternative approaches to traditional health insurance that still provide basic and preventative health care services.

A health flex plan is permitted to take measures that are impermissible for regular care providers. The health flex plan may limit or exclude benefits that are otherwise required by law for insurers offering coverage in Florida. (s. 408.909(3), F.S.). The plan may also cap the total amount of claims paid per year per enrollee, and may limit the number of enrollees. (s. 408.909(3), F.S.)

A health flex plan may be developed and implemented by health insurers, HMOs, health care provider-sponsored organizations, local governments, health care districts, or other community-based organizations. (s. 408.909(2), F.S.). Current law specifies that the Agency for Health Care Administration must develop guidelines for reviewing health flex plan applications and must disapprove or withdraw approval of plans that do not meet minimum standards for quality of care and access to care. The Department of Insurance¹ must also develop guidelines for reviewing health flex plan applications and must disapprove or withdraw approval of plans that:

- Contain any ambiguous, inconsistent, or misleading provisions, or exceptions or conditions that deceptively affect or limit the benefits purported to be assumed in the general coverage provided by the plan;
- Provide benefits that are unreasonable in relation to the premium charged, contain provisions that are unfair or inequitable or contrary to the public policy of this state or that encourage misrepresentation, or result in unfair discrimination in sales practices; or
- Cannot demonstrate that the health flex plan is financially sound and that the applicant has the ability to underwrite or finance the benefits provided. (s. 408.909(3), F.S.)

The statute attempts to target the pilot programs in areas of the state that have the greatest number of the uninsured poor. The statute authorized the Agency for Health Care Administration and the Department of Insurance to approve health flex plans in the three areas of the state having the highest number of uninsured persons. (s. 408.909(3), F.S.). These areas are District 1 (Bay, Escambia, Gadsden, Leon, Okaloosa, and Santa Rosa Counties), District 16 (Broward County), and District 17 (Dade County). The statute also authorized the issuance of health flex plans in Indian River County.

Eligibility to enroll in a health flex plan is limited to Florida residents who are under 65 years of age and have a family income equal to or less than 200 percent of the federal poverty level. (s. 408.909(5), F.S.). The enrollee must not be covered by a private insurance policy, must not be eligible for coverage through a public health insurance program such as Medicare, Medicaid, or Kidcare, and must not have been covered at any time during the past 6 months. The enrollee must also have applied for health care coverage through an approved plan and agree to make any

¹ Legislation in 2002 (ch. 2004-404, L.O.F.), effective January 7, 2003, transferred the Department of Insurance to the Department of Financial Services and to the Financial Services Commission and its Office of Insurance Regulation. Conforming changes to the statutes have not yet been enacted, which are addressed in CS/SB 1712 by the Committee on Banking and Insurance.

payments required for participation, including periodic payments or payments due at the time health care services are provided.

The AHCA must evaluate the pilot program and its effects on the entities that seek approval as health flex plans, as well as the number of enrollees and the scope of the coverage afforded. (s. 408.909(9), F.S.). The AHCA and the Department of Insurance are mandated to assess the health flex plans and their potential applicability in other settings. By January 1, 2004, the AHCA and the department are to submit their findings in a report to the Governor, President of the Senate, and the Speaker of the House of Representatives. Each approved health flex plan is required to maintain records of enrollment, finances, and claims experience to enable the agency and the department to monitor the plan. (s. 408.909(7), F.S.). The statute authorizing the creating of the health flex pilot program expires on July 1, 2004.

The Agency for Health Care Administration reports that to date, only one health flex plan has been approved, in Dade County. The agency has only received one additional application from Dade County. No other applications have been received by the agency, and no health flex programs have been created other than the one currently in existence in Dade County.

III. Effect of Proposed Changes:

The new definition states that health flex plans are available to an enrollee “who purchases the coverage directly from the plan or through a small business purchasing arrangement sponsored by a local government.” The new definition clarifies the ways in which a person can purchase health flex plan benefits by explicitly stating that coverage can be purchased via a small business purchasing arrangement.

The bill clarifies that the term of coverage may be limited under a health flex plan. Health care insurance plans generally last for only a limited period of time, and the Agency for Health Care Administration states that it is currently permitting health flex plans to last for a limited term.

The bill states that eligibility for flex plan coverage is limited to Florida residents who have not had any public or private health coverage for the past 12 months, rather than 6 months, and who are not eligible for coverage through a public health care program such as Medicare, Medicaid or KidCare. This will limit the number of persons eligible for flex plan coverage to a greater extent than under current law.

The bill states that the health flex plan pilot project will expire June 1, 2008. This will extend the pilot project an additional 4 years.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

The provisions of this bill have no impact on municipalities and the counties under the requirements of Art. VII, s. 18 of the Florida Constitution.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

The bill has provisions that will both expand and contract the availability of health flex insurance. Allowing enrollees to purchase coverage through a small business purchasing arrangement sponsored by a local government creates another avenue by which qualified persons may join a flex plan. However, the number of people eligible to join a flex plan will be reduced by the provision limiting eligibility only to persons who have been without public or private insurance for 12 months. The 12 month requirement will result in smaller flex plans than a 6 month requirement.

Approved health flex plan groups are potentially subject to profits or losses stemming from underwriting health flex plans. The financial ability of the entity to underwrite the health flex plan would be subject to approval of the Agency for Health Care Administration and the Department of Insurance, for which the bill provides no specific requirements.

To the extent that local community providers, hospitals and local government programs provide uncompensated care to low-income persons, such providers may see a decrease in demand for uncompensated care as a result of this pilot project. These same local providers may seek to become health flex provider entities. However, to this point in time, few applications have been submitted by groups desiring to form a health flex program.

C. Government Sector Impact:

The bill is unlikely to have a negative fiscal impact on the Agency for Health Care Administration or the Department of Insurance. When the health flex pilot program was adopted, the agency and the department stated that implementation of the project could be accomplished with existing staff and resources within their respective agencies. With only one health flex plan in existence, and only one additional submitted application, the program does not appear to be creating a financial burden on the agency or the department.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
